

Green wheels

Battle for the cleaner car

Page 9

Mature markets

How to make money from tin cans

Peter Martin, Page 8

Testing time

New targets for drug trials

Page 16

Gulf roulette

A tale of two kings

Page 5

Syria committed to reaching peace deal with Israel



Syria said yesterday that it was ready for "continuous negotiations" with Israel, signalling a stronger commitment to achieving peace with its neighbour.

UK and France asked to co-operate over bond issue

By Geoff Dyer in Calais and William Lewis in London
Eurotunnel, the crisis-ridden operator of the Channel tunnel, has asked the French and UK governments to guarantee a substantial bond issue to help refinance its £2bn debt.

Russian signs new spy law

Boris Yeltsin appointed a new foreign intelligence chief and signed a law on how the country's spies should work.

EU to tax barley exports

The European Union is imposing an export tax on barley because of concerns about the amount of the grain being sent from Europe onto the world market.

Kingfisher shares fall

UK high street stores group Kingfisher is taking a 20 per cent stake in family-owned French furniture and electrical goods retailer BUT.

Gold price rallies

The price of gold topped \$400 an ounce on the London bullion market for the first time since August 1993.

Black Trucks

US heavy vehicle maker owned by Renault of France is negotiating to build assembly plants in Mexico and Brazil as a cushion against the volatile domestic truck market.

Bayer to appeal German chemicals and drugs group

Bayer is appealing against a £23m (\$33m) fine imposed for a breach of EU restrictive practices law.

Irish cabinet splits

Irish social welfare minister Prionsias de Rossa attacked proposals by his employment ministry counterpart to cut unemployment benefit for school leavers.

Disident denounced

Mohammed al Masaari, the Saudi dissident facing deportation from Britain, was denounced by Sir Nicholas Bonsor, foreign affairs minister, as a fundamentalist who had abused British hospitality to undermine a friendly government.

Millionaire balloonist saves

millionaire Steve Fossett abandoned his attempt to make the first round the world balloon flight and touched down safely in New Brunswick, Canada.

Slower delivery

Cashpoint machines in Finland, speeded up to cut queues, are to be slowed down again.

Eurotunnel in £8bn debt move

UK and France asked to co-operate over bond issue
Eurotunnel, the crisis-ridden operator of the Channel tunnel, has asked the French and UK governments to guarantee a substantial bond issue to help refinance its £2bn debt. If successful, the bond issue would enable the Anglo-French company to break free from its long-running financial difficulties.

Helicopter gunships halt Chechen convoy



Russian soldiers sit on top of an armoured personnel carrier as it leaves the town of Kizlyar, which was riddled for hostages by Chechen rebels on Tuesday.

Separatists holding 160 people

Russian forces in stand-off with hostage rebels

By John Thornhill in Moscow
Chechen separatists were in a stand-off last night with Russian security forces after having released most of the 2,000 hostages seized in the southern Russian town of Kizlyar.

UK footballers to challenge operation of transfer market

By Robert Rice and Simon Kuper in London
Plans which could revolutionise English football and destroy the lucrative multi-million pound transfer market will be unveiled at a meeting of players and club managers today.

STOCK MARKET INDICES	NEW YORK	ASIA
New York S&P 500	4,523.22 (+3.12)	
Dow Jones Ind Av	2,955.30 (+3.12)	
NASDAQ Composite	2,358.27 (+3.12)	
Europe and Far East		
CAC 40	1,810.11 (+3.12)	
DAX	2,338.19 (+3.12)	
FTSE 100	2,971.5 (+3.12)	
Nikkei	20,012.22 (+3.12)	

US LUNCHTIME RATES	PERCENTAGE	PERCENTAGE
Federal Funds	5.25%	
3-mth Treas Bill	5.18%	
Long Bond	10.0%	
Yield	11.87%	

OTHER RATES	PERCENTAGE	PERCENTAGE
UK 3-mo Interbank	6.75%	(63.74)
US 10 yr Gov	10.62%	(107.23)
France 10 yr Gov	10.64%	(108.25)
Germany 10 yr Gov	10.68%	(103.88)
Japan 10 yr Gov	111.38%	(111.13)

NORTH SEA OIL (Argon)	DOLLAR
Brent 15-day Feb	518.40 (+18.70)

STERLING	DOLLAR
DM	2.2221 (2.2304)
Yen	188.25 (188.25)

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Commission alleges violation of EU law on restrictive practices

Bayer group to appeal against fine

By Lionel Barber in Brussels and Daniel Green in London

Bayer, the German chemicals and pharmaceuticals company, said yesterday it would appeal against a Ecu5m (\$3.9m) fine imposed by the European Commission for a "serious" violation of European Union law on restrictive practices.

The case involved Bayer's refusal to supply Adalat, the heart drug, to French and Spanish wholesalers who wished to re-export it to the UK, where prices are higher than in the rest of Europe.

The Commission said the Bayer group had been concerned about "parallel exports" of Adalat since at least the end of the 1980s, and had subsequently set up an elaborate computerised system in Spain for tracking exporting wholesalers.

Adalat is Bayer's second biggest selling drug, bringing in more than \$1bn a year in worldwide annual sales.

Bayer is one of many companies that have been concerned at the rise of parallel imports, in which a drug made in northern Europe is bought at southern European prices and re-imported into northern Europe.

In Bayer's case, French wholesalers found that Bayer France was no longer willing to supply them with all the quantities of Adalat which they ordered as long ago as

September 1991. The same experience occurred in Spain, dating back to early 1989, the Commission said.

Wholesalers in France and Spain tried to throw Bayer off the scent by spreading orders intended for export through their various agencies and other small wholesalers not subject to monitoring.

When one of the wholesalers was discovered to be exporting, Bayer France and Bayer Spain penalised him by imposing successive reduction in the volumes of Adalat supplied.

All these practices engaged by Bayer France and Bayer Spain show that they subjected their wholesalers to a permanent threat of reduction in the quantities supplied, a threat which was repeatedly put into effect if the wholesalers did not compete with the export ban.

The wholesalers, both in France and Spain, had shown by their conduct that they accepted the export ban, the Commission said. The agreements between producers and wholesaler amounted to a restrictive practice in breach of Article 86 of EU law.

In fixing the amount of the fine, the Commission took into account the "serious" infringement of EU law, but also the fact that pharmaceutical products prices are not set autonomously by companies but are governed by national rules and regulations.

German industry and unions redraw battle lines over jobs

Wolfgang Münchau on failure of this week's unemployment talks

After only a short lull, hostilities between Germany's trade unions and employers have flared again this week over how to reduce unemployment.

IG Metall, the country's engineering union, and metal industry employers failed earlier this week to reach a consensus over the "alliance for jobs" - a trade union offer of wage restraint in exchange for 330,000 new jobs. Both sides walked out of the meeting hating each other.

Mr Klaus Zwickel, IG Metall's president, first proposed the alliance idea at a trade union congress last November. He had to overcome much dissent, especially among the hard left who opposed what constituted the first public recognition by the union of a link between the level of real wages and unemployment.

Chancellor Helmut Kohl and most of the German media welcomed the idea of such an alliance, but it put Gesamtmetall, the metal industry employers' federation, in a difficult position. At first the employers appeared divided and confused, and uncertain how to react.

One leading industrialist privately derided the plan as "populist trash", a sentiment shared by many colleagues who found the proposals utterly unacceptable, even though they might use less extreme language in public.

The German metal industry is in the throes of change and companies are hard pressed to keep their current staff levels, let alone hire new workers.

After months of prevarication Gesamtmetall this week finally came out with a counter-proposal - not even close to what Mr Zwickel had in mind. Gesamtmetall submitted a "collective emergency programme" based largely on labour market deregulation. It calls for pay restraint, lower entry-level wages, more working time flexibility, and a greater regional devolution of the industrial bargaining process.

Mr Zwickel was furious and has been fuming over the employers' stance ever since. He threatened to rescind his alliance for jobs offer if no agreement is reached on January 14, the date set for the next

encounter, the last before both sides are due to meet Chancellor Kohl.

A day after the failed talks he said: "I cannot hide my disappointment. Just on the day when the Federal Labour Office announced the news of 3.8m unemployed, the highest we have ever had in the Federal Republic, the employers' federation tells us that they are not interested in an alliance for jobs." He called Gesamtmetall's counter-offer "a catalogue of horrors to dismantle the collective bargaining process and the welfare state".

Mr Hans-Joachim Gottschal, the outgoing president of Gesamtmetall, called Mr Zwickel's comments "unsustainable and malicious", accusing IG Metall of erecting roadblocks to a true alliance for jobs and competitiveness.

In return, the union chief threatened to withdraw the offer of wage moderation if there was no deal. With the threat, he reaffirmed that he saw the pay restraint offer as a

real concession, one that would depend critically on a contractual commitment by industry to increase employment.

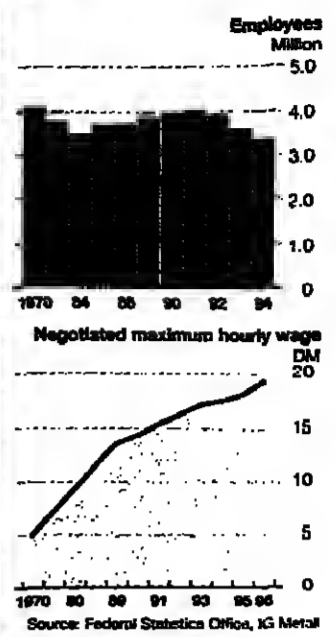
Paradoxically, however, what appears to be an offer for unusual pay restraint could end up as an unusually large rise in industry's wage bill.

The alliance for jobs is a gamble for every party involved in the debate. Mr Zwickel is a highly regarded negotiator in the best IG Metall tradition, a man with a stern poker-face that reveals not even a hint of emotion. Mr Gottschal, his counterpart, by contrast is a part-time official who is leading an internally divided industry federation at a time of crisis.

Whoever is in charge, Gesamtmetall has little leeway for generosity at present. After the past year's wage increase of between 6 and 7 per cent, combined with the effects of the strong rise in the D-Mark, Germany's engineering industry is currently in no mood, or position, to offer anything.

The government, which forms an integral part of the alliance for jobs, may also find

Germany's metal industry



it difficult to deliver its part of the bargain because of severe budget restraints.

Mr Zwickel has calculated that the creation of 330,000 jobs, including 10 per cent earmarked for the long-term unemployed, would yield more than DM4bn (\$2.7bn) in taxes and reduced social costs. But as part of its contribution to the alliance, the government would have to refrain from any further cuts in unemployment pay.

Chancellor Kohl may yet use his authority to force IG Metall and Gesamtmetall to reach some kind of deal. With about 3m members, IG Metall is the largest trade union in Germany; other unions have subsequently come out with similar suggestions, and are bound to follow whatever the metal industry agrees upon.

Personally, Mr Zwickel has no doubt that his alliance for jobs, if enacted, would help the sluggish German economy, and especially the 4m unemployed - 6m if one includes all those on special government-funded job schemes.

Paris cuts growth estimate to 2.6%

By David Buchan in Paris

The French government yesterday reduced to 2.6 per cent its estimate of how much the country's economy expanded last year, while an official survey put the "morale" of French households last month at its lowest ebb for eight years.

In scaling his ministry's 1995 growth forecast from 2.9 down to 2.6 per cent, Mr Jean Arthuis, French economy minister, was aligning himself with the estimate produced by the Insee statistics agency last month. However, he claimed the slowdown was only a pause and that growth would pick up later this year.

Insee also reported yesterday that its index of the morale of French households, which essentially measures the difference between optimists and pessimists, had fallen to its lowest point - minus 38 - since the index was started in 1967. The Insee Index had last year recovered from a low in mid-1993, only to fall sharply since last summer.

But an aide of Mr Arthuis pointed out that Insee took its latest survey at the height of last month's public sector strikes, and before December 21 when the government announced new tax breaks for people taking money out of savings schemes and money market funds to spend on consumer durables.

The aide also pointed out that according to Insee's December survey, households were less inclined than before to save. Last year saw households' post-tax disposable income rise by 2.9 per cent, the biggest rise in five years. The government hopes the French will this year start reducing their high savings rate of 14 per cent and begin to spend.

Mr Arthuis has said he would revise his 1996 growth forecast of 2.8 per cent which accompanied last September's announcement of this year's budget, but his aide said yesterday this revision might not come until March. Banque Indosuez yesterday predicted the economy would expand by no more than 1.4 per cent this year.

Following Insee's estimate that GDP grew by only 0.1 per cent in the last quarter of last year, the government's revision of its 1996 forecast is certain to be downward. But despite calls from leading backbenchers in the ranks of the conservative majority to postpone a new welfare levy for a year, the government has only delayed it from this month to February, citing technical difficulties in putting in place the new 0.5 per cent tax on all income to repay past social security debt.

Pasok set to survive censure vote

By Karin Hope in Athens

Greece's governing Socialists were expected to survive a censure vote in parliament late last night, but the bitter three-day parliamentary debate exposed deepening divisions within the party over Prime Minister Andreas Papandreou's refusal to resign.

Mr Costas Simitis, the rebel former industry minister and one of two front-runners to succeed the prime minister, argued that the Panhellenic Socialist Movement was already committed to replacing the prime minister, who has been in hospital for almost two months with critical lung and kidney problems.

Referring to opinion polls showing that a clear majority of Pasok voters want a new prime minister, Mr Simitis added: "There's a clear popular message calling for a firm, transparent decision."

Deputies from the conservative New Democracy party said that given Pasok's 20-seat majority, they did not expect the censure motion to bring down the government, but wanted to expedite Mr Papandreou's departure from politics.

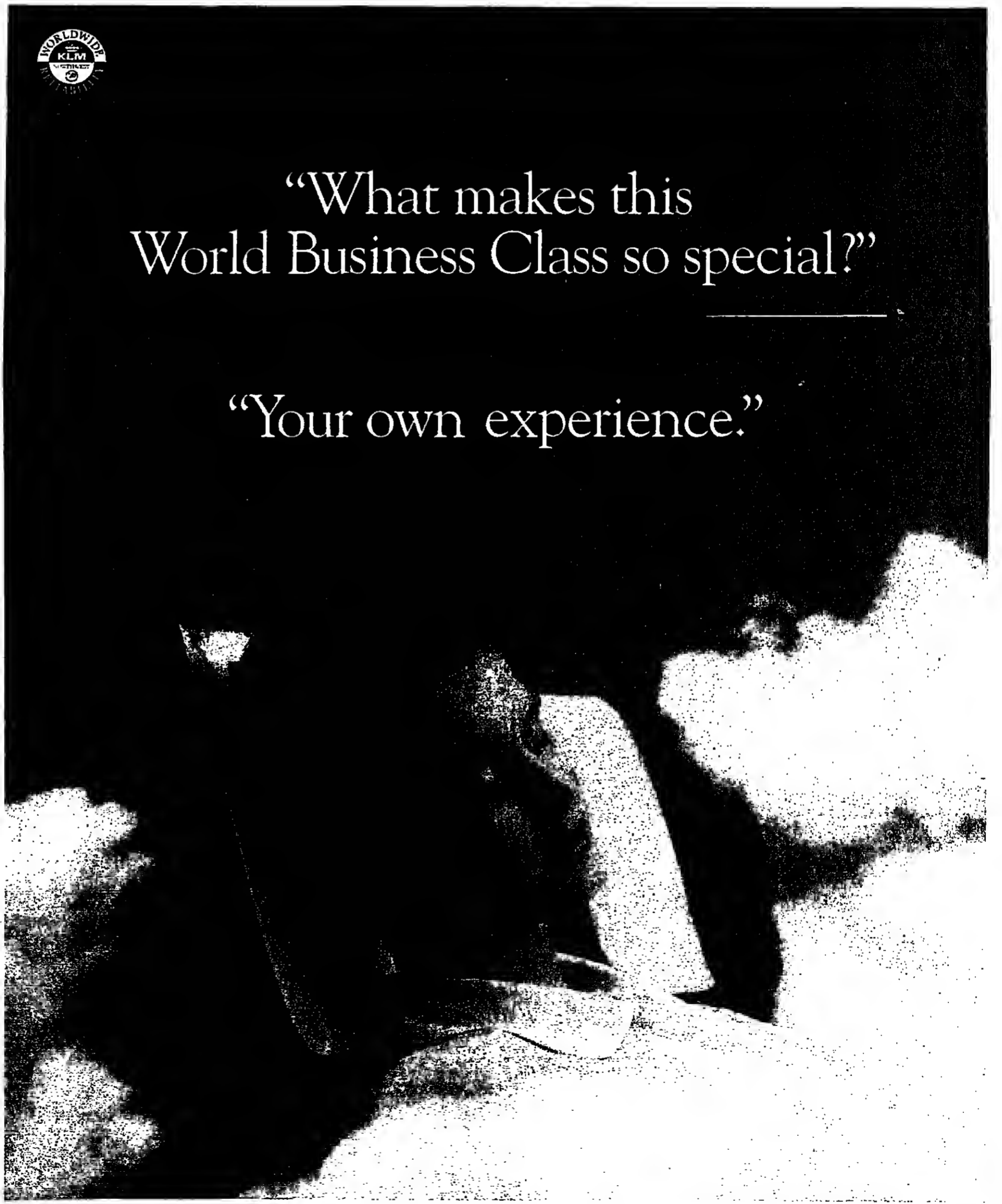
Pasok has set January 20 as the deadline for resolving the leadership question. But as Mr Papandreou's condition improves, his closest political supporters are claiming it is premature to start discussing the succession.

Doctors at the Onaseion Cardiac Hospital said that Mr Papandreou took a walk yesterday in the corridor outside his room. But he is still on a respirator at night and is being fed through a tube in his stomach, they added.

Foreign Minister Carolos Papoulias, one of several senior cabinet members whose careers are likely to end when Mr Papandreou goes, claimed it was "contradictory" to discuss replacing the prime minister while he appeared to be recovering.

Some prominent Socialists argue that if Mr Papandreou's health goes on improving, he should postpone resigning until an emergency party congress can be convened to elect a new leader. Given the party's unwieldy bureaucracy, this would mean extending the political vacuum for another two or three months.

If Mr George Papandreou, education minister and the prime minister's eldest son, cannot make his father agree to step down before the January 20 deadline, the central committee may have to appeal to Mr Papandreou to break the deadlock with a public statement from hospital in order to keep Pasok united.



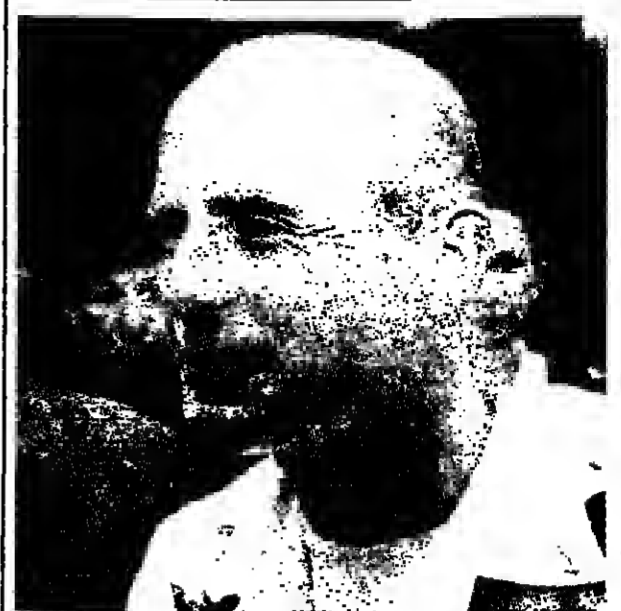
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Israel names security chief

Israel yesterday appointed a former navy commander to head the Shin Bet, the secret service agency...

Algerian militants to fight rivals

Divisions within Algeria's Islamic groups appeared to deepen yesterday after the extremist Armed Islamic Group (GIA) declared war against the Islamic Salvation Army (AIS)...

Qatar sheikh sees cash as his ace

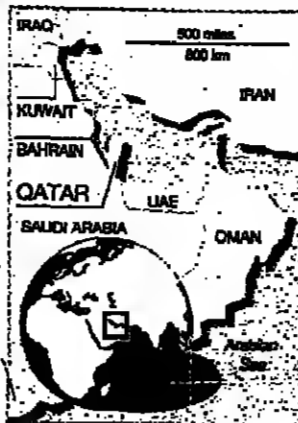
State's deposed ruler stalks usurper son with country's reserves, writes Robin Allen

Like a medieval monarch skulking the courts of Europe to rally support to overthrow the usurper, the former ruler of oil-rich Qatar Sheikh Khalifah Bin Hamad Al-Thani, deposed last June by his son Sheikh Hamad Bin Khalifah Al-Thani, spent 10 days over the new year assiduously courting the crowned heads of the Arabian peninsula in an attempt to regain his throne.



Sheikh Hamad: power

Sheikh Khalifah: money



The deposed sheikh has never forgiven his son's "impudence" the more so since he was in Switzerland at the time - the very place his predecessor Sheikh Ahmed Bin Ali Al-Thani happened to be "resting" when unceremoniously removed in 1970 by Sheikh Khalifah himself.

days of his deposing his father, and they can hardly break their pledge on the strength of a few promises. Furthermore the US and other western countries were also quick to recognise Sheikh Hamad. Western diplomats in the UAE can only chuckle helplessly and mutter "strictly off the record" as though they had said something of substance.

Prisoner release boost for Arafat

By Julian Ozanne in Jerusalem

Israel yesterday freed hundreds of Palestinian prisoners in an effort to boost the electoral prospects of Mr Yasir Arafat, leader of the Palestine Liberation Organisation, days ahead of the first Palestinian elections.

Jubilant relatives, many of whom were caught by surprise, celebrated the homecoming of prisoners often eulogised as martyrs in the Palestinian cause. Many of the 800 due to be released by the end of yesterday belong to Islamic and left-wing Palestinian groups opposed to the Israeli-Palestinian peace process.

Meanwhile, King Hussein of Jordan said his first official visit to Israel, only the second Arab head of state to do so, Israelis rolled out the red carpet for the king and Mr Simon Peres, the Israeli prime minister, lauded his visit as a sign of the warm relations that can exist between Israel and an Arab country.

Private banks welcome attempts to avoid competition for emerging markets

Report calls for IFC to set out rules

By George Graham, Banking Correspondent

Private sector banks have welcomed the International Finance Corporation's efforts to avoid competing directly with them for work in emerging markets but want the IFC to go further still.

Its financial help because they had substantial access to international capital markets. In addition, the IFC, which is funded by member governments with the aim of stimulating private sector growth in the developing world, should rule itself out of competition with private investment banks for any advisory mandate awarded by a bidding procedure.

as Argentina, India and Brazil, where private sector banks have been most willing to provide capital. "IFC should adopt an active and transparent graduation policy as part of a basic reorientation away from countries that have access to international capital markets toward those that do not. Generally, there should be a presumption that IFC will not support transactions in countries designated as having substantial access to international capital markets," the IIF said.

Vietnam names new refinery partners

By Jeremy Grant in Hanoi and Robert Corzine in London

PetroVietnam, Vietnam's state oil agency, said yesterday it had chosen South Korea's LG Group, Petronas of Malaysia and Conoco of the US to invest in Vietnam's first oil refinery in place of Total of France, which pulled out last September saying it was not viable.

plant. Total's decision to relinquish its stake confirmed some analysts' doubts about the wisdom of pushing ahead with the \$1.2bn project. Vietnam has been seeking investors for the scheme to pump refined crude from a site known as Dung Quat by the year 2000. The area is 970km from the nearest source of Vietnamese crude and has virtually no infrastructure.

wanted to reduce their stakes. Daewoo of South Korea had said it might replace Total but Mr Thoang made no mention of the company yesterday. Oil industry analysts have repeatedly questioned the need for Vietnam to build any refinery given an anticipated oversupply of refined crude in the region by the year 2000. But they add that Vietnam may want one to satisfy national infrastructure priorities.

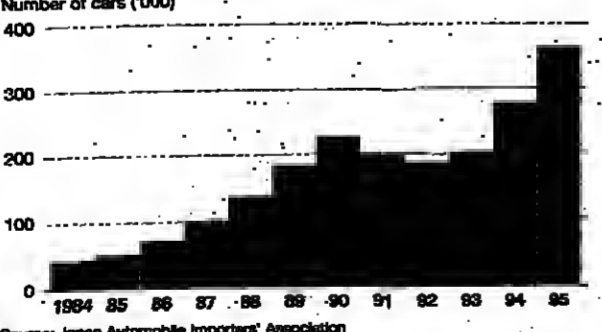
none of the five foreign companies expressing interest was likely to consider the refinery economically viable, but could be interested for strategic and political reasons. Conoco is known to have retail and marketing ambitions and may be hopeful that by showing commitment to the Vietnamese refinery, it stands a chance of gaining a share of the country's domestic petroleum products market when it is opened up to foreign investors.

Japanese vehicle imports soar to record levels

By Michiyo Nakamoto in Tokyo

Japanese vehicle imports reached record levels in 1995 for the second year running, underlining the strong impact of diverging consumer tastes and a high yen, the Japan Automobile Importers' Association said yesterday.

Japan's car imports: the rise continues



market share among importers. Japanese carmakers have increased sales of cars manufactured at overseas plants by 28 per cent. Toyota, which has associations with General Motors and Volkswagen, is planning to sell foreign marques through its dealer network. It plans to sell 45,000 US-made cars this year, up from about 31,100 in 1995, and 29,000 Volkswagens, up from 24,000 last year.

Bell Canada signs Indian pact

By Robert Gibbons in Montreal

Bell Canada International, part of the highest telecommunications group BCE, and its Indian partner Tata Industries yesterday signed agreements to provide cellular and basic telephone services in Andhra Pradesh, India's fifth most populous state.

Kantor drops US banana inquiry

By Deborah Hargreaves

Mr Mickey Kantor, US trade representative, yesterday cancelled some ground in the long-running dispute between the US and the European Union over banana import arrangements when he dropped a US trade investigation into Colombia and Costa Rica.

\$1.5m bill for Beijing pirate

WORLD TRADE NEWS DIGEST

A Chinese court has ordered a Beijing computer software company to pay \$1.5m in compensation for pirating the copyright of a domestic competitor, the highest amount awarded in a software copyright violation case in China.

Computer sales boom forecast. Sales of computers and computer peripherals in China are expected to increase by 30-40 per cent to Yn65bn-Yn70bn (\$7.8bn-\$8.4bn) this year, according to government estimates.

Arco to invest more in China

Arco, the US oil giant, plans to devote greater resources to China in oil and gas exploration, refining and power generation. Mr Mike Bowlin, Arco's chairman and chief executive, said yesterday that China "rated very high" in the company's priorities.

Scottish group wins £20m order

Weir Group, the Glasgow-based engineering company, has won an order worth nearly £20m (\$31m) from China Nuclear Energy Industry Corporation to install pumps and valves for the Qinshan nuclear power station near Shanghai.

NEWS: UK

'Serious implications' as fewer than a third of expected travellers use Channel service in first year

Eurostar trains fail to hit passenger target

By Charles Batchelor, Transport Correspondent

Eurostar high-speed trains through the Channel Tunnel between England and France are expected to carry less than a third of the passengers originally expected in the first year of operation.

Eurotunnel will receive only the minimum guaranteed payment of about £200m (\$300.8m) a year from the UK, French and Belgian railways over the next five years instead of the much larger sums expected.

The railways originally forecast that Eurostar would carry 16.5m passengers in 1993 - which was expected to be the first year of operation. But Eurostar services did not start until 1995 and are now expected to carry only 5m passengers in 1996, up from 3m last year.

The government has to come back to the table to deliver because this is relevant to where we end up in our negotiations with the banks," said Sir Alastair.

Eurotunnel expects to carry 8m passengers in 1997, up from 5m this year, and 1.3m cars and coaches, up from 1.2m. Eurotunnel has become market leader on the Dover-Calais routes with 41 per cent of the passenger traffic market and 45 per cent of the freight market.

It had a record month in December 1995 carrying 163,000 cars and coaches, 21 per cent more than in November. The number of trucks fell to 41,770 from 45,960 because of widespread strikes in France.

The economy Trade deficit is at its widest for almost three years

Slow growth hits exports in Europe

By Gillian Tett, Economics Correspondent

British exports to Germany and other European countries fell back in October as the slower than expected pace of growth in mainland Europe hit UK companies.

The pattern was in sharp contrast to the surge in exports which fuelled the British economy earlier in the recovery. Coupled with weaker sales to the US, the decline pushed the UK trade deficit to its widest level for almost three years.

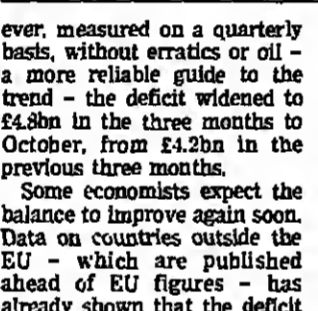
The scale of the deficit, shown in official figures released yesterday, took the City by surprise. Meanwhile, the Central Statistical Office warned that the data suggested that the trade gap was on a widening trend.

Measured overall, the CSO said that UK exports fell by a seasonally adjusted 5.5 per cent between September and October, import volumes fell, amid a sharp rise in import prices.

This pattern left the trade deficit for October at £1.7bn, the highest monthly figure since December 1992.

Part of the increase in the deficit was due to unusually high levels of silver imports, and other erratic items. However, measured on a quarterly basis, without erratic items or a more reliable guide to the trend - the deficit widened to £4.5bn in the three months to October, from £4.2bn in the previous three months.

The widening trade gap



Continuing loss of business confidence and a downturn in exports were reported yesterday by the 22 chambers of commerce covering north-west England and north Wales, Ian Hamilton Pacey writes in Manchester. The chambers' latest quarterly survey for the final three months of 1995 shows a reduced growth rate in home and export markets for manufacturers, although retailers were happier because of good Christmas trading.

However, some economists fear British exports could also weaken further in the months ahead if European and US growth continues to disappoint.

Although business surveys have shown companies are more upbeat about exports, industry groups admit overseas conditions are becoming tougher.

In the three months to October exports to Germany fell 1.3 per cent. Exports to France were broadly flat, although they fell slightly in October.

Imports of cars from EU states rose 20 per cent in the three months to October compared with the previous three months, while car exports to EU states rose 5 per cent.

months in advance, both fell back last month. However, some economists fear British exports could also weaken further in the months ahead if European and US growth continues to disappoint.

MPs to probe sacking at Stock Exchange

MPs to probe sacking at Stock Exchange

By James Blitz at Westminster

An investigation into the dismissal of Mr Michael Lawrence as chief executive of the London Stock Exchange was launched last night by one of the most influential committees of the House of Commons.

The committee, which has a majority of Conservative MPs, will also summon Mr John Kemp-Welch, the exchange's chairman, and fellow board members to give a full account of why they dismissed Mr Lawrence.

The MPs also want to ask Mr Kemp-Welch and leading City financiers how they view the development of the exchange amid controversy over Mr Lawrence's attempts to introduce a 'hybrid' system of share trading.

At the conclusion of the hearings, the committee will publish a report with specific recommendations to which the government must respond.

Several members of the committee made clear that they were concerned about Mr Lawrence's dismissal last week.

Large investment banks that now act as marketmakers, providing continuous offers to buy and sell blocks of shares on the stock market, are seeking safeguards to ensure they retain a role in trading big blocks of shares.

UK NEWS DIGEST

Minister attacks Saudi dissident

Mr Mohammed al Massaari, the leading Saudi dissident facing deportation from Britain, was denounced by a minister in the House of Commons yesterday as a fundamentalist who had abused British hospitality in order to undermine a friendly government.

Ministers have admitted that the dissident, who is due to be deported to the Caribbean island of Dominica on January 19, is being expelled to ease relations with the Saudis, who have been irritated by his continuing stream of attacks on the regime.

Sinn Féin shifts on arms

The idea of an independent body to oversee the disposal of arms by the Irish Republican Army was given tentative support by Sinn Féin, the IRA's political wing, ahead of the release next week of a report on "decommissioning" from a committee headed by former US Senator George Mitchell.

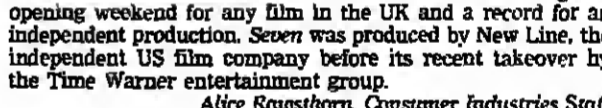
The process of having life assurance and investments is set to be simplified by the Personal Investment Authority, the watchdog to protect the private investor. The time it takes to buy some products will be reduced and the amount of customer information required by a sales agent before being able to give advice is also likely to be cut.

Investment to be simplified

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Cinemas hit record

Britain's cinemas set a record last weekend with the top 15 films taking £7.24m (\$11.14m) at the box office, says Screen International, the film industry magazine. The total was more than 70 per cent higher than in the same weekend last year and well ahead of the previous record of £6.6m taken during the opening weekend of Jurassic Park in July 1993.



opening weekend for any film in the UK and a record for an independent production. Seven was produced by New Line, the independent US film company before its recent takeover by the Time Warner entertainment group.

Cadbury 'in TV sponsor talks'

Cadbury-Schweppes, the food and beverage group, could become the first commercial sponsor of Coronation Street, one of the most popular and longest-running British television soap operas, in a deal worth up to £10m (\$15.4m). Negotiations between the company and Granada Television, which produces the programme, are reported by Marketing magazine, the trade journal, to be at an "advanced" stage.

Unions are warned on pay

Unions representing 1.5m workers with municipal authorities were warned that a pay rise of more than about 2 per cent would be "difficult to cope with" without risking severe damage to jobs and services.

Minister cornered by Austrian bid for army contracts

Land Rover yesterday increased political pressure on the government to buy its battlefield ambulances for the British army rather than an alternative from Steyr Daimler Puch of Austria.

The Kazakhstan Publishing and Information Company issues daily reviews on the condition of economical and political life in Kazakhstan. The cost of the digest for a monthly subscription via fax is \$100 USD plus transfer fee.

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New chief named for broadcaster with one of world's top brand names BBC seeks bigger international role

Minister cornered by Austrian bid for army contracts

By George Parker and Bernard Gray

Land Rover yesterday increased political pressure on the government to buy its battlefield ambulances for the British army rather than an alternative from Steyr Daimler Puch of Austria.

fleet in several defence decisions between his nationalist rhetoric in recent speeches and the defence ministry's free-market policies which are consistent with Mr Portillo's right-wing views.

Palace Yard outside the House of Commons as part of a last-ditch lobbying exercise by the company.

Mr Norman Fowler, the former cabinet minister, said "it would be an enormous blow if the order for the ambulance for British forces went outside the UK.

also sought to maximise Mr Portillo's discomfort. Mr David Clark, the party's shadow defence secretary, said: "This is a vital procurement order for the British defence industry, and Michael Portillo should take account of these vital considerations."

Cinema/Nigel Andrews

Obsessed with exposure

- SHOWGIRLS
Paul Verhoeven
- THE WAR
John Avnet
- DEVIL IN A BLUE DRESS
Carl Franklin
- THE RUN OF THE COUNTRY
Peter Yates

SHOWGIRLS comes to Britain with the advantage of having been loathed by critics and audiences in America. Over here we love an underdog. I could hear the revaluations starting right after the press show. Critic one: "It's not that bad." Critic two: "No, I've seen far worse..."

Be comforted, it is that bad. But like any underdog it has moments of lovability. Brought into the world by the Basic Instinct team of director Paul Verhoeven and writer Joe Eszterhas, it lopes its mangy, occasionally mirthful way through a plot about a young blonde (Elizabeth Berkley) who comes to Las Vegas dreaming of success as a dancer and discoverer - horror - that the place is full of gambling, crime and commercialised sex.

sure-obsessed late 20th century, it could be the signature text of a movie whose view of human truth is that if the audience's faces are not rubbed in it does not exist.

The film should carry a warning: "Children, do not try any of this at home." Above all, do not attempt to compose music like that of Thomas Newman, which fills in all the bits of unscripted preachiness that might be missing from Kathy McWhorter's script or the direction of Jon Avnet, who made Fried Green Tomatoes At The Whistle Stop Cafe. This is half-baked fortune cookies at the US-Confucian roadhouse.

A relief to turn to the stylish 1940s-set thriller Devil In A Blue Dress. Hardboiled is always better than half-baked, though these après-Chandler films also have their strange clichés. Have you noticed how often the hero returns home after a day's vain slanting to find the exact object of his search? He or she is sitting there in the dark, a gun on the lap if male or a smile on the lip if female. And we think: why on earth don't these gumshoes just stay at home and wait for their quarry to come to them?



Lubriciously outraged melodrama worthy of 1950s Hollywood: Elizabeth Berkley in 'Showgirls'

with peek-a-boo hair and slinky grace by Jennifer Flashdance Beals. She is a hard act to watch for Denzel to find, until we all finally whisper from the stalls, "Go home and she'll probably be there." And of course she is.

In The Run Of The Country the title landscape is Ireland. Even blindfolded we would know this from the twanging flute music by Cynthia Millar and the rolling hills and lows of Albert Finney's accent.

After his barrel-chested Irish policeman struck by love in The Playboys, Finney obviously stayed on to stretch himself. Here he plays a stretch-chested Irish policeman struck by loss. His dying wife leaves an only son (Matt Keeslar), who becomes our

London Fringe Theatre

Damn Yankees

It is a happy new year whose first musical ends with "You gotta have heart". Damn Yankees, a hit show when first presented in 1955, is an endearing piece of Americana in which the Faust legend is adapted in baseball terms. Joe Boyd says he'll sell his soul to become a great baseball player: whereupon Mr Applegate appears (from Hell), transforms him into a young hero, and lures him away from his wife Meg. Applegate also produces Lola, a seductive siren, to keep Joe away from the straight and narrow, and... No, the plot is best enjoyed if most of it takes you by surprise. Ironically, considering its subject matter, what is most amiable in Damn Yankees is its innocence.

Damn Yankees was the work of Richard Adler (composer) and Jerry Ross (lyrics), who had also written The Pajama Game. (Six months after the Broadway premiere of Damn Yankees, the collaboration ended when Ross - aged 29 - died of a lung disease.) Though none of the songs in the show have carried on into common currency today, each one of them is deftly and appealingly written. And, as the show proceeds, Adler's songs lay before you the sumptuous panoply of musical styles available in the 1950s - march, waltz, rumba, tango, mambo, and more. This is, I believe, a wider range than the then dominant genre of musical created by Rogers and Hammerstein, and it is certainly more vividly evocative of the period in which these shows were written.

This London revival is put on by the enterprising Bridewell Theatre - one of London's

Bridewell Theatre, EC4 (0171-956 3456).

Fav'rite Nation

You might expect a play written in celebration of the centenary of the National Trust to be as tasteful and restrained as a stately home tea room. But Fav'rite Nation is anything but. Robin Brooks' play for Empty Space theatre company seethes with turbulent passions, unrequited love and conflicting desires.

Brooks portrays a group of Victorian thinkers and acquaintances involved in the run-up to the trust's foundation, concentrating particularly on the curious relationship between the art critic John Ruskin and Octavia Hill, the energetic social reformer who became a guiding light behind the trust's foundation in 1886.

The play begins with their first meeting, when he is a critic of consequence and she an idealistic 15-year-old torn between her desire to become an artist and her urge to do good works. He signs her up as his copyist, and she patently adores him. But he, having no idea how to handle her, treats her with the sort of sensitivity one usually reserves for a doormat.

Continues at the Lyric Studio, London W6 (0181-741 2311) to Jan 20. Then on tour to Belfast, Bristol, Edinburgh and Stratford-upon-Avon.

Opera in Lausanne/Andrew Clark

Camped-up 'Comte Ory'

has proved himself equally adept at Rossini. Unlike most interpreters of this high-wire part, Francis never showed the slightest strain; there was no trace of passaggio in the voice, no falsetto. We heard singing of elegance and verve, an easy fluidity up and down the range, and a teasing way with the words.

comic artlessness of the late Peter Sellers. Equally important, Francis is an ensemble player, as interesting to watch when not singing.

With Diana Montague's gracious Isolier and Alessandro Corbelli's experienced Raimbaud, the cast was all one could wish for. So, too, were the Lausanne Chamber Orchestra's accompaniments under Evelino Pidò.

Rossini embroidered the verbal jokes. Perhaps it was too much to expect a staging of similar sensitivity. Denis Krief, an Italian pupil of Ponnelle, turned the performance into an A-to-Z of production tricks. The action, updated to the present, unfolded as a piece of pleasure-park entertainment, to which audience and chorus were introduced by Raimbaud in the guise of a magician. Ory snogged with "clients" inside a giant condom, dispensed wisdom from a psychiatrist's chair and consorted with go-go dancers. The stagework was polished and often funny, but it had more to do with an Italian variety show than the Gallic suggestiveness of Rossini's invention.

Opportunities to hear Le Comte Ory, Rossini's sophisticated operatic comedy, are regrettably rare. You need a high tenor capable of traversing the vocal leaps with ease, a lyric soprano of wit and agility, and a conductor who understands the style. Small wonder it is usually encountered only at festivals.

INTERNATIONAL ARTS GUIDE

- AMSTERDAM EXHIBITION Stedelijk Museum Tel: 31-20-5732911
- BOSTON EXHIBITION Museum of Fine Arts Tel: 1-617-267-9300
- CHICAGO OPERA & OPERETTA Civic Opera House & Civic Theatre Tel: 1-312-332-2244
- BERLIN CONCERT Philharmonie & Kammermusiksaal Tel: 49-30-25480

- AMSTERDAM Tel: 49-30-3438401
- BOSTON Impressions of France: Monet, Renoir, Pissarro and their Rivals: this exhibition of approximately 90 works examines the nature of French landscape painting compared with paintings shown in the Paris Salon in the latter part of the 19th century.
- CHICAGO OPERA & OPERETTA Opera House Tel: 358-0-403021

- DRESDEN OPERA & OPERETTA Sächsische Staatsoper Dresden Tel: 49-351-49110
- HELSINKI OPERA & OPERETTA Opera House Tel: 358-0-403021
- HOUSTON EXHIBITION The Menil Collection Tel: 1-713-525-9400

- LEIPZIG OPERA & OPERETTA Oper Leipzig Tel: 49-341-1261261
- LONDON CONCERT St John's, Smith Square Tel: 44-171-2221081
- PARIS CONCERT Salle Pleyel Tel: 33-1 45 61 53 00
- MUNICH EXHIBITION Villa Stuck Tel: 49-89-4555510

- NEW YORK EXHIBITION The Metropolitan Museum of Art Tel: 1-212-879-5500
- STOCKHOLM DANCE Kungliga Teatern - Royal Swedish Opera House Tel: 46-8-791-4300
- STUTTGART OPERA & OPERETTA Staatstheater Stuttgart Tel: 49-711-20320
- VIENNA OPERA & OPERETTA Burgtheater Tel: 43-1-514442960
- WASHINGTON OPERA & OPERETTA Eisenhower Theater Tel: 1-202-467 4600

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COMMENT & ANALYSIS



Peter Martin

Squeezing out the profits

The turnaround of a US company from near-bankruptcy into potentially the world's biggest packaging group illustrates how to make money from a mature market

This is a story about the ultimate mature market: tin cans, among the earliest mass-produced objects still in daily use. How do you make money from a market so mature, where the product is universally seen as a commodity? The answer is vividly illustrated by the takeover bid, now at last under way, by Crown Cork & Seal of the US for Carnaud MetalBox (CMB), the Franco-British company...

titioo, sold him their operations on the cheap. He bought back shares whenever possible. And he kept on cutting costs. Overheads were a particular target. Selling and administrative expenses fell from 12 per cent of sales in 1986 to an astonishingly low 2.8 per cent in 1990.

into financial services, under the inspiration of former 1980s whizz kid Mr Gerry Tsai. It changed its name to Primerica, and sold its can lines in 1986 to Nelson Peltz and Peter May. They already owned National Can, which had never quite recovered from an unsuccessful foray into pet foods and vegetable canning. Peltz and May sold the combined group to France's Pechiney, which still owns it.

cautiously within the packaging business, first into aluminium cans and now into plastic containers, in which it sees its future growth. But it has remained entirely committed to its basic businesses, and has continued to invest in them.

tomer service in the world could do little to prevent the squeeze on margins. After the CMB merger, says William Avery, "we are now large enough that we match in size our suppliers and our customers". That should provide both the ability to offer customers a more truly world-wide service - and the opportunity to drive a better deal while doing so.



Weed that can strangle economic growth

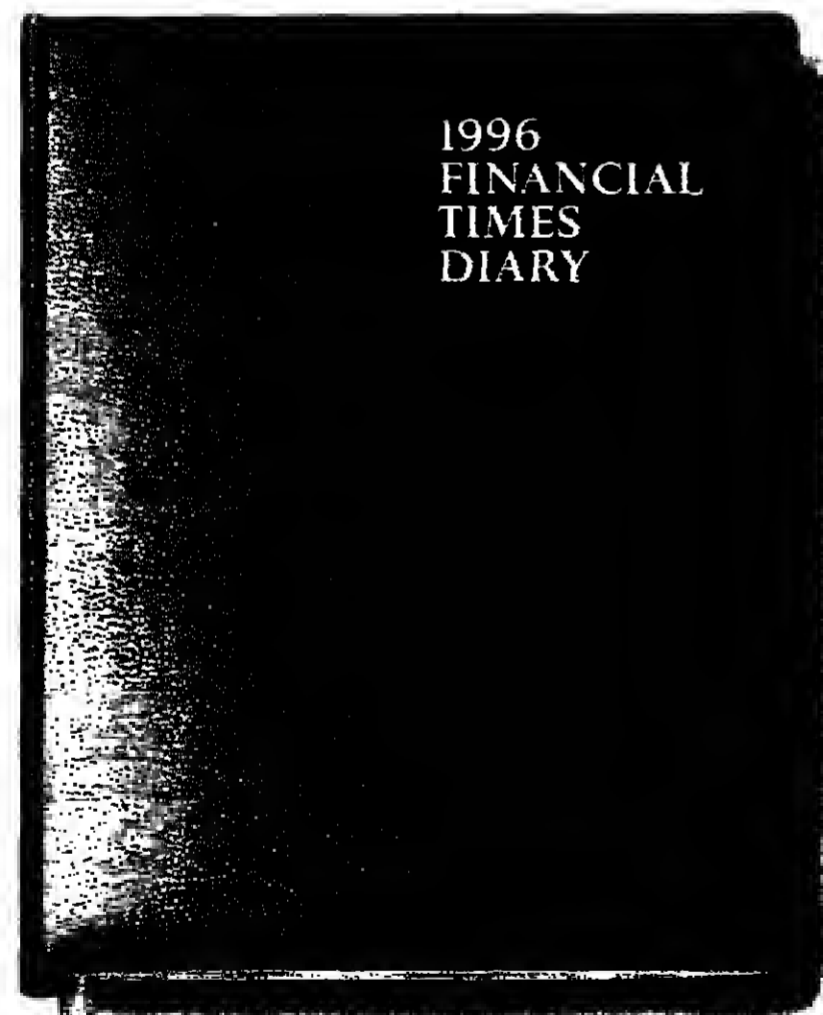
FIRST WORLD, THIRD WORLD By William Ryrie St Martin's Press, \$39.95

As a senior economist in the World Bank's India Division 20 years ago, I asked an official responsible for granting industrial licences whether he would respond favourably to a proposal for a new investment which would undercut existing producers. He responded with astonishment at the idea that the ability to produce a product more cheaply could justify additional capacity in what the authorities deemed to be a saturated market.

turned into weeds. In 1980, for example, Ghana's income per head was higher than Korea's; by 1990 it was a 15th of the Korean level. Aid was not the difference between these two countries, policies were.

markets, small business and large-scale private investments in infrastructure. He notes, however, that aid has too often thwarted private investment by financing inefficient public-sector alternatives. Where would such a reconsideration leave the World Bank, the colossus of development agencies? This is the question now facing Mr Jim Wolfensohn, its president since last summer. The World Bank, argues Sir William, is over-stuffed, inward-looking and overly academic. But it is also people for whom the size and power of the World Bank is a natural object of hostility.

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LETTERS TO THE EDITOR

Public pressure needed for EU landmines ban

From Mr Jan-Willem Bertsens MEP. Sir, Your article on landmines, "The perfect defensive soldiers who refuse to stop killing" (January 6/7), conveys very well the vast scope of the problem caused by mines and the relative uselessness of mine-clearing efforts when so many more new mines are laid each year.

Civil servants in UK as non-executive directors

From Mr Roger Freeman MP. Sir, I was surprised to see from your leader "Bad hatting" (January 10) that the Financial Times was putting itself in the forefront of a campaign against civil servants being able to hold non-executive directorships as part of senior management development.

Contributors to fashion

From Mr Richard Denyer. Sir, Although I agree with some of the conclusions of your editorial "Dressing down in the City" (January 4), I have to say that its premise is wholly flawed. To assert that "fashion is essentially parasitic" is to ignore, among other factors, the contribution of science, technology, market analysis and aesthetic design to the development of natural and manufactured fibres, yarns, fabrics and garments.

Incomprehensible UK tax laws need simplifying

From Prof D.R. Myddelton. Sir, For the third year running the Finance Bill contains about 400 pages to add to the huge mass of incomprehensible verbiage that constitutes tax law in the UK. Do those responsible not realise the need for fewer and simpler rules, or are they merely incompetent?

Keeping an eye on the papers

From Mr Andrew Thompson. Sir, Christopher Dunkley's claim ("Why jokes are not criticism enough", January 10) that "What the Papers Say" represents television's sole attempt to monitor the press suggests that he turns on his set far too late in the day. Every weekday morning BBC1's Breakfast News includes a high quality review of that day's papers. Its regular reviewers include Sir Bernard Ingham, Matthew Parris, Frances Edmonds and Michael White. They offer a daily dose of trenchant and witty criticism.

Handwritten note in Arabic script: صكنا من الاصل

Concern over livestock producers' rising costs
EU imposes tax to curb surge in barley exports

By Deborah Hargreaves in London

The European Union will today impose an export tax on barley in an effort to restrict shipments...

place for wheat, but it will accept only shipments which agree to pay a levy of three times ECUs (\$19) a tonne...

Germany is the largest barley producer in the EU, growing about 12m tonnes...

the past six months, the EU has already exported 4.7m tonnes.

The Commission says it must try to ensure more stable prices for grains.

Teamsters places adverts to drive home dispute

By Ronald van de Krol in Amsterdam

The International Brotherhood of Teamsters, the US trucking union, yesterday placed large advertisements in several newspapers...

The Teamsters - once famed for links with organised crime - sent a senior official to the Netherlands this week...

At the bottom of the letter, the Teamsters vowed to send another delegation to the Netherlands next month...

Mr van der Hoeven has no plans to meet with the union.

Both sides, he said, needed to make progress and concessions on issues of substance in the coming months before Israeli elections in late October.

Israel's chain in New York state, Tops, operates 93 neighbourhood shops and is due to open a new distribution centre.

THE LEX COLUMN

Downwardly mobile

The main message from Motorola's miserable fourth quarter results is that the US mobile phone handset market has become subject to vicious price competition.



with a high dividend pay-out, thereby attracting yield investors. Meanwhile, the run of the litig, A.C. Nielsen, should be raised as a recovery or even takeover situation...

J. Sainsbury

J. Sainsbury had to do something to stop the rot. But yesterday's reorganisation, splitting the roles of chairman and chief executive, failed to impress the market.

Recovering lost ground will be difficult, even with Sainsbury's attention to pricing and marketing. But success at House of Sainsbury's, its US food retailing business, shows management has not altogether lost its touch.

Lex comment on the Personal Investment Authority, Page 18

Russians in stand-off with rebels

Continued from Page 1

1," he said to enthusiastic applause at his party congress.

Before leaving for a memorial service for former French president Francois Mitterrand in Paris, Mr Yeltsin vowed the Chechen terrorists would be punished, but insisted that the hostages' lives must not be jeopardised.

Mr Dzhozhgar Dudayev, the rebel commander whose semi-lawyerism has kept the raid on Kizlyar appears in no mood for compromise and said "more serious events" would follow the latest attack.

Journalist

Continued from Page 1

town in Ogoniland, in the oil-producing Rivers State, where there have been protests against pollution and demands by local people for a greater share of revenues.

Syria pledges to step up talks on peace with Israel

By Julian Ozanne in Jerusalem

Syria yesterday indicated a greater commitment to peace with Israel by saying it was ready for "continuous negotiations" until the two sides formulated an agreement.

The Syrian announcement, in the official newspaper Al Baath, coincided with the arrival of Mr Warren Christopher, US secretary of state, in Israel at the beginning of a shuttle mission between Jerusalem and Damascus.

A senior Israeli official said the higher level of Syrian commitment could mark a decisive turning point in talks between the two countries.

The official said Israel's recent peace accords with Jordan and the Palestine Liberation Organisation only came about after both sides had made similar agreements to talk about all the details of peace until they reached a deal.

Israel's prime minister Shimon Peres lauded the king's visit as a sign of the warm relations that can exist between Israel and an Arab country.

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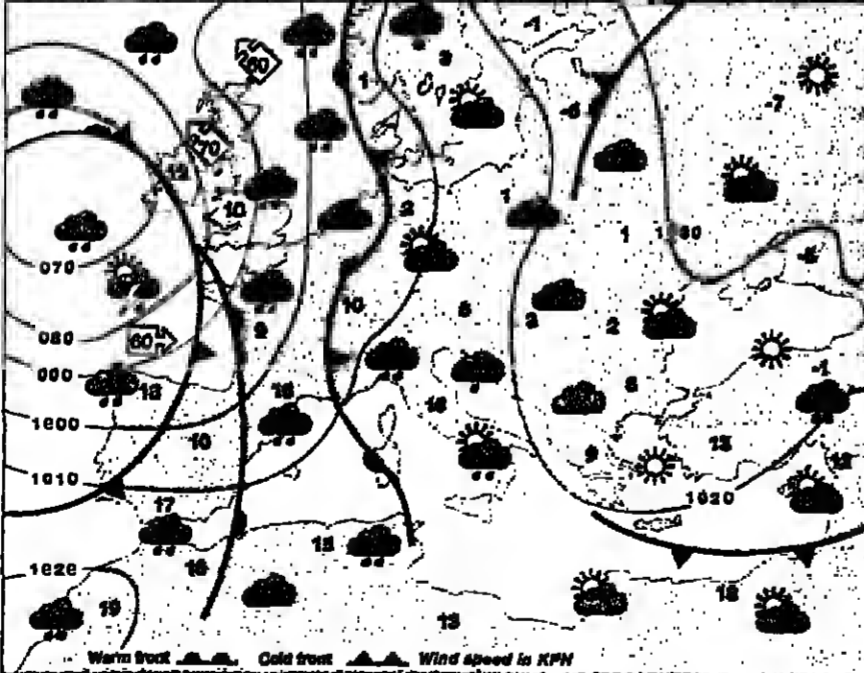
FT WEATHER GUIDE

Europe

A wavering frontal zone will continue to bring rain, snow and strong southerly winds to Norway. Only southern Sweden will have clear periods.

Five-day forecast

Frontal systems over the Atlantic will continue to move towards the continent bringing mild air and rain, especially in Ireland and Portugal.



TODAY'S TEMPERATURES

Table with columns for city, minimum, maximum, and weather conditions. Includes cities like Abu Dhabi, Accra, Algiers, Amsterdam, Athens, Atlanta, St. Aires, Beirut, Bangkok, Barcelona, Casablanca, Cardiff, Copenhagen, Chicago, Cologne, Dallas, Delhi, Dhaka, Dublin, Havana, Jakarta, Jerusalem, Karachi, Kuwait, London, Luxembourg, Madrid, Manila, Moscow, Mumbai, New York, Nice, Oslo, Paris, Rome, Seoul, Singapore, Stockholm, Sydney, Taipei, Tel Aviv, Tokyo, Toronto, Vancouver, Wellington, Warsaw, Zurich.

Lufthansa logo and slogan: 'We can't change the weather. But we can always take you where you want to go.'

Advertisement for TI Group featuring the slogan 'Without us, it wouldn't stay a green and pleasant land.' and an image of a green landscape.

Advertisement for TI Group featuring the slogan 'WORLD LEADERSHIP IN SPECIALISED ENGINEERING' and contact information.

Handwritten Arabic text: 'صكنا من الاصل'

TECHNOLOGY

Electric cars get a plug

Ford and Chrysler are collaborating on a common charging system for the electric cars expected to take to California's roads later this decade. The aim is to avoid the emergence of competing charging systems which would make it more difficult for electricity utilities to install a viable recharging infrastructure.

"The goal is to avoid the VHS versus Beta problems we saw with early video tape technology," according to John Wallace, director of Ford's electric vehicle programme. A key feature of the company's charging system is a connecting plug designed to be safe in all weather conditions.

It was designed and developed by SCI Systems, the US electronics contract manufacturer, to outline specifications agreed jointly between Ford, Chrysler, five other car makers, electricity utilities and the California Air Resources Board, which is in control of the state's clean air legislation. General Motors has developed a separate system through a subsidiary, Hughes.

It is intended that the group's equipment will serve as the basis for legislative standards to be drawn up by the US's Society of Automotive Engineers and to be proposed for international standards development.

The working council is pressing ahead with the development of a charging infrastructure despite the air resources board recently backtracking on legislation which would have required 2 per cent of a carmaker's sales in California to be of "zero emissions vehicles" (ZEVs) starting in 1998.

Meanwhile, Ford is advancing its overall design and development capabilities through a new technology relationship with Structural Dynamics Research Corporation of the US.

SORC is supplying Ford with its latest computer-aided design, manufacturing and engineering software, services and processing to enable Ford to integrate its design automation under its so-called "C3" programme.

John Griffiths

Drug testing can make or break a pharmaceuticals company. UK company Boots, for example, sold its drugs business in 1994 after the failure in the final stages of testing for its heart drug Manoplax.

US biotechnology company Synergen collapsed in the same year when its septic shock drug failed at a similar stage. Other biotech companies have succumbed to similar fates.

At the same time, the people good at running clinical trials can make fortunes for their employers. Every drug that reaches the top 100 best-sellers can count on eventual revenues of \$1m (£500,000) a day. Since the lifespan of a drug is limited to 20 years of patent protection, each day cut from testing creates an extra day of patent protected sales. An extra week means a lot of extra revenue.

According to the industry-sponsored UK Centre for Medicines Research, it takes 11½ years for a typical drug to pass through basic research, clinical testing and regulatory approval. The time needed for basic research may now be getting shorter, thanks to a better understanding of the structure and functions of drug molecules.

At the same time, regulators are working more quickly, partly under pressure from patient lobby groups and partly as a result of computer analysis of drugs trial results.

The net effect, according to Boston Consulting Group, the management consultancy, has been to increase the proportion of pre-product launch time taken up by clinical trials from 46 per cent in the 1970s to 55 per cent in the early 1990s.

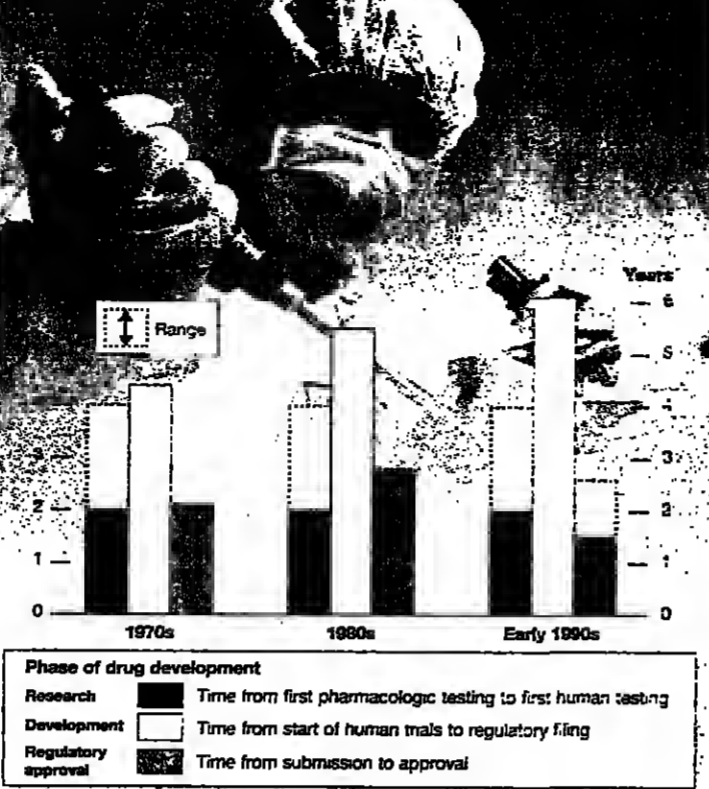
Stuart Walker, director of the Centre for Medicines Research, says that drugs companies have woken up to the problem. "The aim for the main companies is to cut the time a drug spends in clinical trials from almost seven years to five," he says.

Yet clinical trials managers face increasing pressures to lengthen, not shorten, trials.

Regulators demand ever more rigorous tests with more people and greater statistical reliability. According to Peter Farrow, senior director of European clinical development for US drugs company Pfizer, "the average amount of data included in the submission to regulators is up four-fold over the past decade".

Pharmaceutical marketing departments want extra information about a drug's performance. If economic data show that a new drug can cut costs elsewhere in healthcare - perhaps in allowing a hospitalised patient to go home sooner - they can charge a higher price. They also want quality of life data. For an arthritis drug to be put on a hospital's list of first choice drugs, it is not enough that a

Getting a drug to market



Source: The Boston Consulting Group

Testing times

Drugs companies are being forced to become more efficient at drug trials, says Daniel Green

patient has less pain and more mobility. The drug's effect must be measured on scales that cover everything from psychological well-being to whether the patient can carry shopping home.

Senior management wants to move into untapped markets with drugs for conditions that are poorly treated. But many of these "new" diseases are slow. Jörg Reinhardt, senior vice-president of international development at Swiss drugs company Ciba, says it can take two-and-a-half years to conduct a single large-scale trial on a disease such as Alzheimer's.

Fortunately for the industry, there is plenty of room for improve-

ment, says one senior pharmaceutical industry watcher. "They [drugs companies] have been inefficient in the past because they have been too successful. They have been able to make money without trying to become more efficient."

At the core of the effort to improve is information technology. Reinhardt says a typical large drugs company spends £20m-£50m on information technology in capital costs alone.

The aim is to allow data to be collected electronically at the hospital. The data can then be transferred to a central location and analysed rapidly. The period between the end of a trial and the comple-

tion of statistical analysis can be cut from months to weeks. Reinhardt says the total time consumed by trials could eventually be cut by 20 per cent or 30 per cent.

In addition, fewer different trials are being conducted. National regulators are increasingly willing to accept results from trials held in foreign countries. Companies have found it cheaper to conduct all trials to the same standards, even if this means using higher standards than might be necessary in some markets.

The increasing importance of clinical trials has triggered the emergence of a new industry, contract research organisations (CROs), which specialise in running trials.

CRO sales are rising at 15 per cent a year, according to Boston Consulting Group. This year's revenues in the US alone will be \$1.6bn. CROs are no cheaper than in-house drug development, says Farrow. But they are faster because the drug company does not need to recruit staff to run the trials.

To move beyond the changes that are already under way, both in-house drug developers and CROs are beginning to pick apart the components of clinical trials. Some changes are simply adopted from other industries. Walker says benchmarking - in which several companies' methods are compared to try to identify best practice - has caught on in the drugs industry as never before.

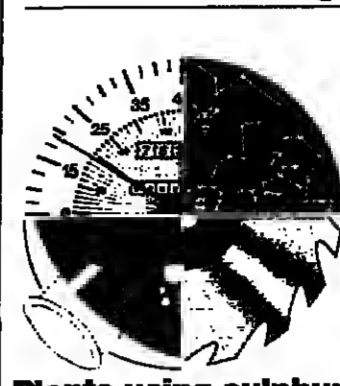
Elsewhere, the very basics of trial design are being questioned. Geoffrey Tucker, from the Department of Medicine and Pharmacology at Sheffield University in the UK, last year questioned the standard practice of recording the responses of patients to one size of dose. A range of doses, to try to take account of differences in the metabolism between individuals, might be more difficult medically and statistically, but it could be more economical.

That still leaves the question of whether to bother researching drugs in disease such as Alzheimer's, where testing can take much longer than with, say, antibiotics.

Increasingly, companies are taking the more difficult option, largely because areas that are easy to test are already crowded. Companies that do so ensure their portfolio of drugs in development is balanced by research where testing is quick, such as in cancer or vaccines.

The feeling in the pharmaceuticals industry is that the work on improving the efficiency of drug testing has only just begun. Information technology will continue to spread. Contracting out to CROs will gain further in popularity. The push into new diseases will redouble the emphasis on benchmarking. The reward for success is \$1m a day.

Worth Watching - Vanessa Houlder



Plants using sulphur to fight fungus

Gardeners have long used sulphur on plants to curb fungal infections. Now scientists have discovered a mechanism by which a plant naturally accumulates sulphur to protect itself from disease.

When scientists from the Universities of Bath and Bristol in the UK investigated disease-resistant strains of cocoa, they found that sulphur was concentrated in tissues, such as the vascular system, likely to come into contact with pathogens from the roots. Cocoa is highly vulnerable to fungal infections, with a quarter of the world's production of cocoa lost to disease every year.

This is the first time that inorganic elements have been directly implicated in disease resistance, other than by strengthening plant cell walls, according to a report on the work in today's Nature.

University of Bath, UK, tel (0)1225 336826; fax (0)1225 826449.

Caught by 1bn images a second

German scientists have developed an ultra high-speed camera capable of recording 1bn images per second.

PCO Computer Optics, a Kehlheim-based company, and the Fraunhofer Institute for Material Physics and Thin Film Technology have designed the camera for studying extremely fast events such as ignition and combustion.

Although modern video cameras can record thousands of images per second, they are not fast enough to capture the exact sequence of rapid events, such as dispersion of carbon monoxide through an engine.

The high-speed camera uses four charged coupled device recording chips - the

photo-electric circuitry which transforms light into electronic data - instead of the usual one. It also uses a long-range microscope as a lens, which allows details as small as a few hundredths of a millimetre to be seen from a distance of 1m.

Fraunhofer Institute for Material Physics and Thin Film Technology, Germany, tel 351-653104; fax 351-6539546.

Mould may plague "sick" buildings

Exact causes of "sick building syndrome", an ailment which tends to occur in sealed, air-conditioned offices, have proved difficult to pin down.

The complex nature of the problem has been underlined in work by the Georgia Institute of Technology which suggests that building materials are sometimes wrongly held to blame.

The syndrome, which causes irritated eyes, fatigue and itchy skin, is often associated with volatile organic compounds such as hexane, methylene chloride, benzene and acetone. These are usually assumed to be emitted from building materials, paints and cleaning supplies.

But the Georgia Institute of Technology found that the metabolic gases emitted from moulds and fungi growing inside buildings may be a significant source of these airborne volatile organic compounds.

Many of the volatile compounds produced by the cultured fungi were identical to those originating from solvent-based building materials and cleaning supplies.

Georgia Institute of Technology, US, tel 404 8943444; fax 404 8946983.

Program hits the right note on paper

A computer program that turns musical performances into printed sheet music could speed up the production of scores by composers, arrangers and publishers.

Sibelius Software, based in Cambridge in the UK, has already written programs which could write a score if the music was played in a precise fashion, one note at a time. The new program can distinguish between lengths of notes and variations in a performer's rhythm and speed.

Sibelius Software, UK, tel (0)1223 302765; fax (0)1223 351947.

When business comes to Turkey, banking comes to İktisat.

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INTERNATIONAL CAPITAL MARKETS

Record-setting day for the EIB

By Conner Middelman

The European Investment Bank set several records yesterday: it issued the largest bond in its own borrowing history as well as the biggest-ever guilder eurobond, and is on its way to becoming the eurobond issuer with the largest number of new deals in one week.

Following the dissociation and disbursement requirements last year, the bank has become a more opportunistic borrower, allowing it to react more quickly than before to arbitrage opportunities as they arise.

INTERNATIONAL BONDS

by a price-discovery process involving diverse market participants.

government funding calendar in the first quarter, the EIB issue was seen as a surrogate state bond. ABN also reported strong buying in Asia where investors are keen on D-Mark bloc bonds.

The Republic of Austria's 10-year D-Mark deal, launched on Tuesday, was increased by DM500m to DM2bn due to strong investor demand.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, US Dollars, Amount, Coupon, Price, Maturity, Fees, Spread, Book runner. Lists various international bond issues from borrowers like Austria, France, and the UK.

...although a good bid was also reported in the UK, said lead J.P. Morgan.

Finance for Russian gold venture sets precedent

A \$100m deal concluded within the past few weeks could help increase the flow of international debt finance to Russian gold mining projects, according to bankers.

European sector led by Germany outperforms US Treasuries

By Martin Brice and Richard Lapper in London and Lisa Bransten in New York

German government bonds finished below yesterday's highs but were still in positive territory by the close.

He pointed out that the market was hoping for a 25 basis point cut in interest rates at the Federal Open Market Committee meeting on January 30.

US Treasuries were stable in early trading in the wake of the sharp sell-off that occurred on Tuesday after the president and congressional leaders suspended negotiations over how to balance the federal budget.

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The transaction, which took two years to negotiate, "sets a precedent for international debt finance in Russia", said Mr. Andrei Seton, director for CIS and eastern Europe investment banking at Deutsche Morgan Grenfell.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS table with columns: Country, Coupon, Red, Price, Day's change, Yield, Week ago, Month ago.

FRANCE GOVERNMENT BONDS table with columns: Maturity, Price, Yield, Change, High, Low, Est. vol., Open int.

ACTUARIES FIXED INTEREST INDICES table with columns: Index, Jan 10, Jan 9, Jan 8, Jan 7, Jan 6, Yr ago, High, Low.

FT ACTUARIES FIXED INTEREST INDICES table with columns: Index, Jan 10, Jan 9, Jan 8, Jan 7, Jan 6, Yr ago, High, Low.

US INTEREST RATES

Table with columns: Rate, 1m, 3m, 6m, 9m, 12m, 15m, 30m, 60d, 90d, 180d, 360d.

UK GILTS PRICES

Table with columns: Maturity, Bid, Offer, Price, Yield, Change, High, Low, Est. vol., Open int.

FT ACTUARIES FIXED INTEREST INDICES

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BOND FUTURES AND OPTIONS

Table with columns: Maturity, Price, Yield, Change, High, Low, Est. vol., Open int.

UK GILTS PRICES

Table with columns: Maturity, Bid, Offer, Price, Yield, Change, High, Low, Est. vol., Open int.

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GERMANY GOVERNMENT BONDS

Table with columns: Maturity, Price, Yield, Change, High, Low, Est. vol., Open int.

UK GILTS PRICES

Table with columns: Maturity, Bid, Offer, Price, Yield, Change, High, Low, Est. vol., Open int.

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CURRENCIES AND MONEY

MARKETS REPORT

Currencies range trade as market seeks direction

By Philip Gawth

The dollar performed steadily yesterday despite lack of progress in the budget talks and further weakness in the equity markets. Earlier it had recovered overnight losses suffered in New York trading on Tuesday, prompted by pessimism over the budget. The dollar finished in London at DM1.4383, from DM1.4432. Against the yen it closed at Y104.94, from Y105.2. The absence of US data, with much of the federal government still in shut-down mode, has left the US treasury market without direction, and this has spilled over to the dollar which has taken its lead from the bond market in recent weeks.

The dollar's performance was helped by the continued weak tone of the D-Mark, amid widespread expectations that a further fall in official German interest rates this quarter is likely. The repo rate in Ger-

many fell at the weekly auction to 3.75 per cent, from 3.75 per cent. The D-Mark was little changed in Europe, closing at LI.061, from LI.064 against the Italian lira.

Sterling slipped slightly against the D-Mark, hindered by the dollar's indifferent performance, and continued concern about the weak position of the ruling Tory government. It closed at DM2.2221, from DM2.2204. Against the dollar it finished at \$1.545, from \$1.5455.

The dollar is stuck in a trading range at the moment, with the upside capped by the lack of any progress on the budget talks, and the downside limited by the market's generally bearish view of the D-Mark.

Mr Chris Furness, currency strategist at IDEA in London, said it had been a "wild" sort of a day. The dollar first recovered in Tokyo and Europe, before pursuing an increasingly topsy-turvy path in late European and US trading.

In the absence of fundamental news, dollar bulls can take some solace from the charts. Mr Brian Marber, a London based technical analyst, notes that the three month and one year averages will "Golden Cross" at DM1.4260 within days. It will be only the fourth such event since what Mr Marber describes as the dollar's "major character change" at the end of 1987.

"All three predecessors heralded long term dollar advances. Why not this time?" asks Mr Marber.

The rally in the gold price to a 22 month high was seen by some as being positive for dollar sentiment, even if there was little evidence in the price. More convincing was the argu-

ment that it would help "commodity" currencies like the Australian dollar, which finished at 74.66 US cents, from 74.5 US cents.

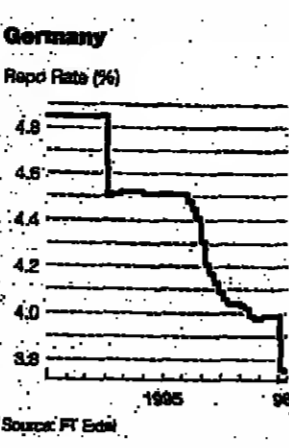
Mr Furness said the benefits to the South African rand (like Australia, South Africa is a large gold producer) would probably be more delayed, owing to speculation about easing of exchange controls.

which would unlock an outflow of capital.

There was agreement among analysts that yesterday's trading had been "messy". Mr Jeremy Hawkins, chief economist at the Bank of America in London, said it was presently "very easy to be bearish about a number of currencies, and increasingly difficult to be bullish". Some currencies, he said, were winning by default, rather than through any outright enthusiasm for the fundamentals, which might account for the recent range-trading.

Mr Hawkins said the 1995 German GDP figures today could well show static or negative GDP growth in the fourth quarter. "If Germany is struggling it has pretty sickly implications for the rest of Europe as well."

The D-Mark has been a "paragon of stability" in Europe, despite the continuance of weak economic data in Ger-



Source: FT Data

many, and increased expectation of lower interest rates. Mr David Cocker, economist at Chemical Bank in London, said: "This is because European Union issues are still at the heart of market thinking, and explains also why the Swiss franc will remain strong against the D-Mark, despite increasingly weak economic data, and the calls from exporters, and the Government, for a weaker franc."

The Swiss government acknowledged yesterday that the franc was overvalued - the real exchange rate index has risen by around eight per cent over the past year - but said that "intervention to weaken (it) is not conducive to success."

Other currencies mentioned include the Japanese yen, the Australian dollar, and the South African rand. The text discusses market expectations for interest rate changes and the impact of economic data on currency values.

WORLD INTEREST RATES

Table of World Interest Rates showing rates for various countries and currencies, including Belgium, France, Germany, Italy, Netherlands, Switzerland, and the US. Columns include currency, rate, and other details.

EURO CURRENCY INTEREST RATES

Table of Euro Currency Interest Rates showing rates for various European currencies like Belgian Franc, Dutch Guilder, French Franc, etc. Columns include currency, rate, and other details.

POUND SPOT FORWARD AGAINST THE POUND

Table showing Pound Spot Forward rates against the Pound for various countries and currencies, including Australia, Belgium, Denmark, etc.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table showing Dollar Spot Forward rates against the Dollar for various countries and currencies, including Argentina, Brazil, Canada, etc.

CROSS RATES AND DERIVATIVES

Table of Exchange Cross Rates and Derivatives showing rates for various currencies like British Franc, French Franc, etc.

UK INTEREST RATES

Table of UK Interest Rates showing rates for London Money Rates and UK clearing bank base lending rates.

EMS EUROPEAN CURRENCY UNIT RATES

Table of EMS European Currency Unit Rates showing rates for various European currencies.

THREE MONTH EURO DOLLAR FUTURES

Table of Three Month Euro Dollar Futures showing rates for various currencies and futures contracts.

BASE LENDING RATES

Table of Base Lending Rates showing rates for various banks and currencies.

NON ERM MEMBERS

Table of Non ERM Members showing rates for various currencies and regions.

PHILADELPHIA SIX TWO OPTIONS

Table of Philadelphia Six Two Options showing rates for various options contracts.

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LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Change.

AM - Cont.

Table listing American companies with columns for Name, Price, and % Change.

LIFE ASSURANCE

Table listing life assurance companies with columns for Name, Price, and % Change.

MEDIA

Table listing media companies with columns for Name, Price, and % Change.

PAPER, PACKAGING & PRINTING

Table listing paper, packaging, and printing companies with columns for Name, Price, and % Change.

RETAILERS, FOOD

Table listing food retailers with columns for Name, Price, and % Change.

RETAILERS, GENERAL

Table listing general retailers with columns for Name, Price, and % Change.

PHARMACEUTICALS

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

TELECOMMUNICATIONS

Table listing telecommunications companies with columns for Name, Price, and % Change.

TEXTILES & APPAREL

Table listing textiles and apparel companies with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

OIL, INTEGRATED

Table listing integrated oil companies with columns for Name, Price, and % Change.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AIM

Table listing AIM companies with columns for Name, Price, and % Change.

MAPPIN & WEBB advertisement featuring a Rolex Oyster Datejust watch and the text 'Can you honestly say you haven't earned one?'.

GUIDE TO LONDON SHARE SERVICE

Price for the London Share Service delivered by FT Data, a member of the Financial Times Group. Company identifications are based on those used for the FT-SE Actuaries Index.

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OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various funds under Bermuda (SIB RECOGNISED), including Royal Bank of Canada Q/S FD Mgrs Ltd.

BERMUDA (REGULATED)**

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GUERNSEY (SIB RECOGNISED)

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LUXEMBOURG (SIB RECOGNISED)

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Table of fund prices under the heading 'Offshore SA'. Lists various fund names, their unit prices, and percentage changes.

Table of fund prices under the heading 'Merrill Lynch Asset Management - Cont.'. Lists various fund names, their unit prices, and percentage changes.

Table of fund prices under the heading 'International Assurance Ltd'. Lists various fund names, their unit prices, and percentage changes.

Table of fund prices under the heading 'Royal Life International'. Lists various fund names, their unit prices, and percentage changes.

Table of fund prices under the heading 'Conoco Investment Management Ltd'. Lists various fund names, their unit prices, and percentage changes.

Table of fund prices under the heading 'Global Asset Management - Cont.'. Lists various fund names, their unit prices, and percentage changes.

Table of fund prices under the heading 'Magellan Emerging Mkts Mgt (Jury) Ltd'. Lists various fund names, their unit prices, and percentage changes.

Table of fund prices under the heading 'Republic Funds'. Lists various fund names, their unit prices, and percentage changes.

OTHER OFFSHORE FUNDS

Table of fund prices under the heading 'OTHER OFFSHORE FUNDS'. Lists various fund names, their unit prices, and percentage changes.

OFFSHORE INSURANCES

Table of insurance products and their prices under the heading 'OFFSHORE INSURANCES'.

MANAGED FUNDS NOTES: Please see page 32 for more details on the managed funds service. Includes information on fund prices, charges, and contact details.

LONDON STOCK EXCHANGE

MARKET REPORT

More trouble building up for equity market

By Steve Thompson, UK Stock Market Editor

The US budget debate came back to haunt a UK equity market already suffering from political uncertainty. Wall Street's overnight 67-point slide in the Dow Jones Industrial Average was followed by another heavy sell-off which saw the Dow down more than 50 points shortly after the opening of US markets.

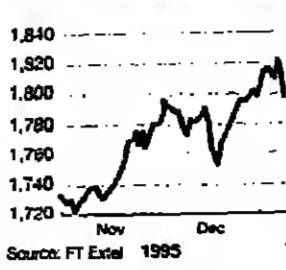
Equities were contrasted by a keen appetite for gold, with bullion prices topping the \$400 an ounce mark for the first time since 1983. But London's marketmakers were not too downhearted with the day's events. Many had been expecting a correction in equities and a retreat by the FT-SE 100 index to somewhere in the region of 3,650.

At its final reading, the Footsie was 28.8 down at 3,671.5, extending the decline over the past two sessions to 49 points. There was no comfort either for the second FT-SE with the FT-SE Mid 250 index setting a net 31.4 off at 4,039.5.

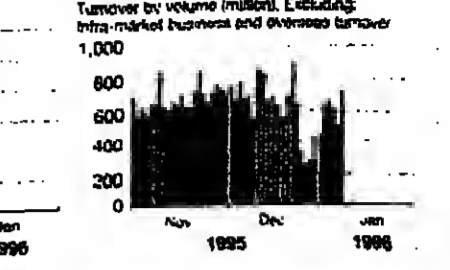
reached the 500m-share mark and totalling 79.4m at 5pm. Non-Footsie stocks accounted for some 33 per cent of the overall figure. Customer, or retail, business on Tuesday was valued at a healthy £1.73bn.

The turnover total was given a substantial boost by the hectic activity in shares in Forte, the hotels and restaurants group being hunted by Granada. Volume in Forte hit an all-time record 43m shares, with investors and institutions thought to be buying the stock aggressively as a cheap way into Granada.

FT-SE-A All-Share Index



Equity shares traded



Indices and ratios

Table with 2 columns: Index Name and Value. Includes FT-SE 100 (3671.5), FT-SE Mid 250 (4039.5), FT-SE-A All-Share (3671.5), and FT-SE-A All-Share yield (3.80).

Best performing sectors

Table with 2 columns: Sector and Change. Includes Leisure & Hotels (+1.3), Household Goods (+0.2), and Electronic & Elec (+0.2).

Worst performing sectors

Table with 2 columns: Sector and Change. Includes Extractive Inds (-1.6), Oil Exploration (-1.8), and Mineral Extraction (-1.8).

FUTURES AND OPTIONS

Table with 2 columns: Instrument and Price. Includes FT-SE 100 INDEX FUTURES (LFF) and FT-SE 100 INDEX OPTION (LFFO).

MARKET REPORTERS:

Peter Jones, Joel Kibazo. The broker said the move was to reflect confirmation that sales accelerated after a weak summer.

Motorola news hits Vodafone

The Motorola factor hit London telecoms stocks, with hard-pressed Vodafone enduring another bout of selling. The US telecoms group reported weaker than expected earnings late on Tuesday and the shares fell some 15 per cent.

Some form of profits warning during the visit by journalists to its Calais site. Eurotunnel said the increase in traffic meant the best period for the company had passed.

However, it added that it had suffered from the strikes that paralysed Paris in December, with 659 passenger trains operating compared to 897 in November. The strikes also severely affected cargo trains.

Market watchers continued to suggest Granada is likely to win the heated contest. Strong demand pushed the shares 16 higher to 633p, the day's second best performer.

The shares closed a penny lighter at 388p, following a trade of 4m, with one analyst saying: "These changes are smaller and later than expected and the general feeling in the market is that they do not address the real problems the group is facing."

In the rest of the food retailers, James Capel was said to have downgraded the sector, which cast a shadow over several stocks.

The Group's Dairy subsidiary is buying a 20 per cent stake in But, a French electrical retailer. The prospect of a merger or takeover of British Aerospace continued to boost the company's shares.

There was some speculation that Labrore is planning a rights issue to acquire the Meridian cable from Forte should the Granada bid succeed.

The shares closed 2 off at 145p, after a trade of 7.5m. Reuters Holdings, the international news and financial information group, lost 9p at 58p and RTZ, one of the world's biggest mining companies, which has been suffering from a volatile copper market recently, dipped 1p to 57p.

Dealers had previously marked the London-traded units lower on speculation that the company would announce a new share issue.

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LONDON RECENT ISSUES: EQUITIES

Table listing recent equity issues in London, including company names, issue sizes, and dates.

TRADING YESTERDAY

Table showing trading volumes and price changes for major stocks on the previous day.

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FT GOLD MINES INDEX

Table showing the FT Gold Mines Index performance, including gold price and index value.

Financial Times World Business Newspaper

the 31 edition of our Financial Times, to which has added a new section on the 31st edition of our Financial Times, to which has added a new section on the 31st edition of our Financial Times, to which has added a new section on the 31st edition of our Financial Times...

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FT-SE Actuarial Share Indices

Table showing FT-SE Actuarial Share Indices for various sectors like 10 MINERAL EXTRACTIONS, 15 OIL EXTRACTIONS, etc.

The UK Series

Table showing The UK Series for various sectors like 10 MINERAL EXTRACTIONS, 15 OIL EXTRACTIONS, etc.

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